

<i>SERFF Tracking Number:</i>	<i>ASWX-G128091481</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>John Alden Life Insurance Company</i>	<i>State Tracking Number:</i>	
<i>Company Tracking Number:</i>	<i>ASWX-G128091481</i>		
<i>TOI:</i>	<i>H16G Group Health - Major Medical</i>	<i>Sub-TOI:</i>	<i>H16G.003G Small Group Only - Other</i>
<i>Product Name:</i>	<i>General JALIC SG Filing</i>		
<i>Project Name/Number:</i>	<i>General JALIC SG Filing/AR01482JA00031</i>		

## Filing at a Glance

Company: John Alden Life Insurance Company

Product Name: General JALIC SG Filing	SERFF Tr Num: ASWX-G128091481	State: Arkansas
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TOI: H16G Group Health - Major Medical	SERFF Status: Closed-Approved-Closed	State Tr Num:
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Sub-TOI: H16G.003G Small Group Only - Other	Co Tr Num: ASWX-G128091481	State Status: Approved-Closed
Filing Type: Rate		Reviewer(s): Rosalind Minor, Bob Alexander
	Author: SPI	Disposition Date: 06/25/2012
	AssurantHealthandEmployeeBenef	
	Date Submitted: 02/14/2012	Disposition Status: Approved-Closed

Implementation Date Requested: 09/01/2012	Implementation Date: 09/01/2012
State Filing Description:	

## General Information

Project Name: General JALIC SG Filing	Status of Filing in Domicile:
Project Number: AR01482JA00031	Date Approved in Domicile:
Requested Filing Mode: Review & Approval	Domicile Status Comments:
Explanation for Combination/Other:	Market Type: Group
Submission Type: New Submission	Group Market Size: Small
Group Market Type: Employer	Overall Rate Impact: 9.6%
Filing Status Changed: 06/25/2012	
State Status Changed: 06/25/2012	Deemer Date:
Created By: SPI AssurantHealthandEmployeeBenef	Submitted By: SPI
	AssurantHealthandEmployeeBenef

Corresponding Filing Tracking Number:

PPACA: Non-Grandfathered Immed Mkt Reforms

PPACA Notes: null

Healthcare.gov ID:

Filing Description:

Assurant Health is comprised of Time Insurance Company and John Alden Life Insurance Company. We are submitting identical forms for each company. The only differences are to the form numbers and company names. Because the

SERFF Tracking Number: ASWX-G128091481 State: Arkansas  
Filing Company: John Alden Life Insurance Company State Tracking Number:  
Company Tracking Number: ASWX-G128091481  
TOI: H16G Group Health - Major Medical Sub-TOI: H16G.003G Small Group Only - Other  
Product Name: General JALIC SG Filing  
Project Name/Number: General JALIC SG Filing/AR01482JA00031

forms are identical, we respectfully request that the same analyst review both filings.

February 13, 2012

Arkansas Department of Insurance

Re: John Alden Life Insurance Company  
Time Insurance Company  
Filings for JGM.TRT.AR, TGM.TRT.AR  
Proposed Effective Date: September 1, 2012

Dear Department of Insurance:

Enclosed are the rate filings for John Alden Life Insurance Company and Time Insurance Company for small employer health plans in the state of Arkansas. These rates will be used by groups issued or renewed beginning September 1, 2012, or the earliest date after which your approval is received. We are filing for a decrease to our index rates of 7.5% in addition to an extension of our monthly trend of 1.32%. The projected average renewal increase over the next 12 months is 9.6%.

Included with this submission are cover letter, Actuarial memorandum and certification, and rate manual.

Components included with this rate filing are considered proprietary to John Alden Life Insurance Company and Time Insurance Company. We request that this information be kept confidential and treated as trade secret.

Your prompt attention to this filing will be appreciated. Please acknowledge acceptance of this filing by responding to me using the contact information below. If you have any questions, please contact me at the email address or phone number found below. Thank you in advance for your cooperation.

Sincerely,

Carol Fox  
Actuarial Analyst  
Small Group Actuarial  
carol.fox@assurant.com

SERFF Tracking Number: ASWX-G128091481 State: Arkansas  
Filing Company: John Alden Life Insurance Company State Tracking Number:  
Company Tracking Number: ASWX-G128091481  
TOI: H16G Group Health - Major Medical Sub-TOI: H16G.003G Small Group Only - Other  
Product Name: General JALIC SG Filing  
Project Name/Number: General JALIC SG Filing/AR01482JA00031

T 414.299.7989

F 414.299.1187

State Narrative:

## Company and Contact

### Filing Contact Information

Carol Fox, Actuarial Analyst I carol.fox@assurant.com  
501 W. Michigan St. 414-299-7989 [Phone] 7989 [Ext]  
Milwaukee, WI 53203 414-299-6168 [FAX]

### Filing Company Information

John Alden Life Insurance Company CoCode: 65080 State of Domicile: Wisconsin  
501 W. Michigan Street Group Code: 19 Company Type:  
Milwaukee, WI 53203 Group Name: State ID Number:  
(800) 800-1212 ext. [Phone] FEIN Number: 41-0999752

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## Filing Fees

Fee Required? Yes  
Fee Amount: \$50.00  
Retaliatory? No  
Fee Explanation:  
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
John Alden Life Insurance Company	\$50.00	02/14/2012	56334062

SERFF Tracking Number:	ASWX-G128091481	State:	Arkansas
Filing Company:	John Alden Life Insurance Company	State Tracking Number:	
Company Tracking Number:	ASWX-G128091481		
TOI:	H16G Group Health - Major Medical	Sub-TOI:	H16G.003G Small Group Only - Other
Product Name:	General JALIC SG Filing		
Project Name/Number:	General JALIC SG Filing/AR01482JA00031		

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Rosalind Minor	06/25/2012	06/25/2012
Disapproved	Rosalind Minor	04/13/2012	04/13/2012

### Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Rosalind Minor	03/26/2012	03/26/2012	SPI AssurantHealthandEmployeeBenef	04/05/2012	04/05/2012

### Amendments

Schedule	Schedule Item Name	Created By	Created On	Date Submitted
Rate	Rates.2012.06.22	SPI AssurantHealthandEmployeeBenef	06/22/2012	06/22/2012
Supporting Document	Health - Actuarial Justification	SPI AssurantHealthandEmployeeBenef	06/22/2012	06/22/2012
Supporting Document	Ex. 3 Factor Changes.2012.06.22	SPI AssurantHealthandEmployeeBenef	06/22/2012	06/22/2012
Supporting Document	Response Letter.2012.06.22	SPI AssurantHealthandEmployeeBenef	06/22/2012	06/22/2012

SERFF Tracking Number:	ASWX-G128091481	State:	Arkansas
Filing Company:	John Alden Life Insurance Company	State Tracking Number:	
Company Tracking Number:	ASWX-G128091481		
TOI:	H16G Group Health - Major Medical	Sub-TOI:	H16G.003G Small Group Only - Other
Product Name:	General JALIC SG Filing		
Project Name/Number:	General JALIC SG Filing/AR01482JA00031		

Rate	Rates.2012.06.06	SPI	06/06/2012	06/06/2012
		AssurantHealthandEmployeeBenefit		
Supporting Document	Health - Actuarial Justification	SPI	06/06/2012	06/06/2012
		AssurantHealthandEmployeeBenefit		
Supporting Document	Ex. 3 Factor Changes.2012.06.06	SPI	06/06/2012	06/06/2012
		AssurantHealthandEmployeeBenefit		
Supporting Document	Response Letter.2012.06.06	SPI	06/06/2012	06/06/2012
		AssurantHealthandEmployeeBenefit		
Supporting Document	Wave Deemer.2012.03.22	SPI	03/22/2012	03/22/2012
		AssurantHealthandEmployeeBenefit		

#### Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Note to Reviewer sent on 6/7/2012	Note To Reviewer	SPI	06/18/2012	06/18/2012
		AssurantHealthandEmployeeBenefit		
Status on Filing	Note To Reviewer	SPI	06/07/2012	06/07/2012
		AssurantHealthandEmployeeBenefit		
Phone Call 5/17/2012	Note To Reviewer	SPI	05/17/2012	05/17/2012
		AssurantHealthandEmployeeBenefit		

<i>SERFF Tracking Number:</i>	<i>ASWX-G128091481</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>John Alden Life Insurance Company</i>	<i>State Tracking Number:</i>	
<i>Company Tracking Number:</i>	<i>ASWX-G128091481</i>		
<i>TOI:</i>	<i>H16G Group Health - Major Medical</i>	<i>Sub-TOI:</i>	<i>H16G.003G Small Group Only - Other</i>
<i>Product Name:</i>	<i>General JALIC SG Filing</i>		
<i>Project Name/Number:</i>	<i>General JALIC SG Filing/AR01482JA00031</i>		

Requesting additonal time for review	Note To Filer	Rosalind Minor	03/22/2012 03/22/2012
Rate Request	Note To Filer	Rosalind Minor	02/23/2012 02/23/2012
Rate Request	Note To Filer	Rosalind Minor	02/23/2012 02/23/2012
Rate Review Summary	Reviewer Note	Rosalind Minor	05/16/2012

<i>SERFF Tracking Number:</i>	<i>ASWX-G128091481</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>John Alden Life Insurance Company</i>	<i>State Tracking Number:</i>	
<i>Company Tracking Number:</i>	<i>ASWX-G128091481</i>		
<i>TOI:</i>	<i>H16G Group Health - Major Medical</i>	<i>Sub-TOI:</i>	<i>H16G.003G Small Group Only - Other</i>
<i>Product Name:</i>	<i>General JALIC SG Filing</i>		
<i>Project Name/Number:</i>	<i>General JALIC SG Filing/AR01482JA00031</i>		

## Disposition

Disposition Date: 06/25/2012  
 Implementation Date: 09/01/2012  
 Status: Approved-Closed  
 HHS Status: HHS Approved  
 State Review: Reviewed by Actuary  
 Comment:

We have reviewed your letter of June 22, 2012, in which you reduced the annual trend assumption on this submission.

We are approving the average renewal increase of 2.2% as outline in your letter.

If we could be of further assistance, please let us know.

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
John Alden Life Insurance Company	2.200%	2.200%	\$57,715	361	\$2,623,391	23.000%	-15.000%
Percent Change Approved:							

<i>SERFF Tracking Number:</i>	<i>ASWX-G128091481</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>John Alden Life Insurance Company</i>	<i>State Tracking Number:</i>	
<i>Company Tracking Number:</i>	<i>ASWX-G128091481</i>		
<i>TOI:</i>	<i>H16G Group Health - Major Medical</i>	<i>Sub-TOI:</i>	<i>H16G.003G Small Group Only - Other</i>
<i>Product Name:</i>	<i>General JALIC SG Filing</i>		
<i>Project Name/Number:</i>	<i>General JALIC SG Filing/AR01482JA00031</i>		
<b>Minimum:</b>	<b>-14.5%</b>	<b>Maximum:</b>	<b>23.0%</b>
		<b>Weighted Average:</b>	<b>2.2%</b>



SERFF Tracking Number: ASWX-G128091481 State: Arkansas

Filing Company: John Alden Life Insurance Company State Tracking Number:

Company Tracking Number: ASWX-G128091481

TOI: H16G Group Health - Major Medical Sub-TOI: H16G.003G Small Group Only - Other

Product Name: General JALIC SG Filing

Project Name/Number: General JALIC SG Filing/AR01482JA00031

Schedule	Schedule Item	Schedule Item Status	Public Access
<b>Supporting Document (revised)</b>	Health - Actuarial Justification	Approved-Closed	No
<b>Supporting Document</b>	Health - Actuarial Justification	Replaced	No
<b>Supporting Document</b>	Health - Actuarial Justification	Replaced	No
<b>Supporting Document</b>	Health - Actuarial Justification	Replaced	No
<b>Supporting Document</b>	Rate Summary Worksheet	Approved-Closed	Yes
<b>Supporting Document</b>	Cover Letter	Approved-Closed	Yes
<b>Supporting Document (revised)</b>	Ex. 3 Factor Changes.2012.06.22	Approved-Closed	Yes
<b>Supporting Document</b>	Ex. 3 Factor Changes.2012.06.06	Replaced	Yes
<b>Supporting Document</b>	Ex. 3 Factor Changes	Replaced	Yes
<b>Supporting Document</b>	Ex. 4 Trend Study	Approved-Closed	No
<b>Supporting Document</b>	Consumer Disclosure Form	Approved-Closed	Yes
<b>Supporting Document</b>	Ex. 1 Experience_Projection	Approved-Closed	Yes
<b>Supporting Document</b>	Ex. 2 Monthly Rate Change	Approved-Closed	Yes
<b>Supporting Document</b>	Flesch Certification	Approved-Closed	Yes
<b>Supporting Document</b>	Wave Deemer.2012.03.22	Approved-Closed	Yes
<b>Supporting Document</b>	Objection Response.2012.04.05	Approved-Closed	Yes
<b>Supporting Document</b>	Ex. 5 Experience	Approved-Closed	Yes
<b>Supporting Document</b>	Ex. 6 MLR Calculations	Approved-Closed	Yes
<b>Supporting Document</b>	Response Letter.2012.06.06	Approved-Closed	Yes
<b>Supporting Document</b>	Response Letter.2012.06.22	Approved-Closed	Yes
<b>Rate (revised)</b>	Rates.2012.06.22	Approved-Closed	No
<b>Rate</b>	Rates.2012.06.06	Replaced	No
<b>Rate</b>	Rates	Replaced	No

<i>SERFF Tracking Number:</i>	<i>ASWX-G128091481</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>John Alden Life Insurance Company</i>	<i>State Tracking Number:</i>	
<i>Company Tracking Number:</i>	<i>ASWX-G128091481</i>		
<i>TOI:</i>	<i>H16G Group Health - Major Medical</i>	<i>Sub-TOI:</i>	<i>H16G.003G Small Group Only - Other</i>
<i>Product Name:</i>	<i>General JALIC SG Filing</i>		
<i>Project Name/Number:</i>	<i>General JALIC SG Filing/AR01482JA00031</i>		

## Disposition

Disposition Date: 04/13/2012

Implementation Date:

Status: Disapproved

HHS Status: HHS Denied

State Review: Reviewed by Actuary

Comment:

Based on our discussion with our Consulting Actuary, we are disapproving your request for a rate increase because the assumed trend amount of 17% appears to be excessive and not adequately supported. We conclude that the rate request is unreasonable.

Thank you for your understanding in this matter.

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
John Alden Life Insurance Company	9.600%	9.600%	\$251,846	361	\$2,623,391	36.700%	-11.600%
	<b>Percent Change Approved:</b>						
	<b>Minimum:</b>	%	<b>Maximum:</b>	%	<b>Weighted Average:</b>		%

SERFF Tracking Number:	ASWX-G128091481	State:	Arkansas
Filing Company:	John Alden Life Insurance Company	State Tracking Number:	
Company Tracking Number:	ASWX-G128091481		
TOI:	H16G Group Health - Major Medical	Sub-TOI:	H16G.003G Small Group Only - Other
Product Name:	General JALIC SG Filing		
Project Name/Number:	General JALIC SG Filing/AR01482JA00031		

Schedule	Schedule Item	Schedule Item Status	Public Access
<b>Supporting Document (revised)</b>	Health - Actuarial Justification	Approved-Closed	No
<b>Supporting Document</b>	Health - Actuarial Justification	Replaced	No
<b>Supporting Document</b>	Health - Actuarial Justification	Replaced	No
<b>Supporting Document</b>	Health - Actuarial Justification	Replaced	No
<b>Supporting Document</b>	Rate Summary Worksheet	Approved-Closed	Yes
<b>Supporting Document</b>	Cover Letter	Approved-Closed	Yes
<b>Supporting Document (revised)</b>	Ex. 3 Factor Changes.2012.06.22	Approved-Closed	Yes
<b>Supporting Document</b>	Ex. 3 Factor Changes.2012.06.06	Replaced	Yes
<b>Supporting Document</b>	Ex. 3 Factor Changes	Replaced	Yes
<b>Supporting Document</b>	Ex. 4 Trend Study	Approved-Closed	No
<b>Supporting Document</b>	Consumer Disclosure Form	Approved-Closed	Yes
<b>Supporting Document</b>	Ex. 1 Experience_Projection	Approved-Closed	Yes
<b>Supporting Document</b>	Ex. 2 Monthly Rate Change	Approved-Closed	Yes
<b>Supporting Document</b>	Flesch Certification	Approved-Closed	Yes
<b>Supporting Document</b>	Wave Deemer.2012.03.22	Approved-Closed	Yes
<b>Supporting Document</b>	Objection Response.2012.04.05	Approved-Closed	Yes
<b>Supporting Document</b>	Ex. 5 Experience	Approved-Closed	Yes
<b>Supporting Document</b>	Ex. 6 MLR Calculations	Approved-Closed	Yes
<b>Supporting Document</b>	Response Letter.2012.06.06	Approved-Closed	Yes
<b>Supporting Document</b>	Response Letter.2012.06.22	Approved-Closed	Yes
<b>Rate (revised)</b>	Rates.2012.06.22	Approved-Closed	No
<b>Rate</b>	Rates.2012.06.06	Replaced	No
<b>Rate</b>	Rates	Replaced	No

SERFF Tracking Number: ASWX-G128091481 State: Arkansas  
Filing Company: John Alden Life Insurance Company State Tracking Number:  
Company Tracking Number: ASWX-G128091481  
TOI: H16G Group Health - Major Medical Sub-TOI: H16G.003G Small Group Only - Other  
Product Name: General JALIC SG Filing  
Project Name/Number: General JALIC SG Filing/AR01482JA00031

## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 03/26/2012  
Submitted Date 03/26/2012  
Respond By Date  
Dear Carol Fox,

This will acknowledge receipt of the captioned filing.

### Objection 1

- Health - Actuarial Justification (Supporting Document)

Comment:

Thank you for your patience with our Department's review of this submission.

I am attaching a copy of the letter from our Consulting Actuary requesting additional information on the submission. The letter was received in an attachment to an e-mail submitted to me on Friday, March 23, 2012. It is requested that you respond to the questions/statements outlined in the letter.

We appreciate your continued cooperation in this matter.

A.C.A. 23-79-109(1)-(5) sets forth the procedure by which filings may be deemed approved upon the expiration of certain time periods with no affirmative action by the commissioner. If the commissioner determines that additional information is needed to make a decision regarding approval, such request for information will be made to the company. The filing will not be considered complete until said additional information is received. The time periods set forth in this statute will not begin to run until the filing is complete.

Please feel free to contact me if you have questions.

Sincerely,  
Rosalind Minor

**Dallas**

Glenn A. Toblemann, F.S.A., F.C.A.S.  
S. Scott Gibson, F.S.A.  
Cabe W. Chadick, F.S.A.  
Michael A. Mayberry, F.S.A.  
David M. Dillon, F.S.A.  
Gregory S. Wilson, F.C.A.S.  
Steven D. Bryson, F.S.A.  
Bonnie S. Albritton, F.S.A.  
Brian D. Rankin, F.S.A.  
Wesley R. Campbell, F.S.A.  
Jacqueline B. Lee, F.S.A.  
Robert E. Gove, A.S.A.  
J. Finn Knox-Seith, A.S.A.  
Brian C. Stentz, A.S.A.  
Jay W. Fuller, A.S.A.  
Robert B. Thomas, Jr., F.S.A., C.F.A. (Of Counsel)

**Kansas City**

Gary L. Rose, F.S.A.  
Terry M. Long, F.S.A.  
David L. Batchelder, A.S.A.  
Leon L. Langlitz, F.S.A.  
Gary R. McElwain, FLMI  
Anthony G. Proulx, F.S.A.  
Thomas L. Handley, F.S.A.  
D. Patrick Glenn, A.S.A., A.C.A.S.  
Christopher H. Davis, F.S.A.  
Karen E. Elsom, F.S.A.  
Jill J. Humes, F.S.A.

**London / Kansas City**

Roger K. Annin, F.S.A.  
Timothy A. DeMars, F.S.A.  
Scott E. Morrow, F.S.A.

**Baltimore**

David A. Palmer, C.F.E.

Mr. Brian Seremet, FSA, MAAA  
Associate Actuary  
Assurant Health

Re: John Alden Life Insurance Company  
Small Group Filing  
SERFF Tracking Number: ASWXG128091481

Mr. Seremet:

Lewis & Ellis, Inc. has been contracted by the Arkansas Insurance Department to review the above referenced filing. We request that you respond to the following inquiries by April 5, 2012.

1. Please provide the loss ratio experience and enrollment numbers for John Alden Life Insurance Company only and any affiliates separately. Provide this information for Arkansas experience only and Nationwide separately.
2. Elaborate why John Alden's experience was combined with Time Insurance Company's experience and demonstrate the appropriateness quantitatively.
3. Exhibit I shows that the credibility weighted loss ratio was 70% in 2010 and 68% for the first half of 2011. The target loss ratio appears to be 77%. Please provide further qualitative and quantitative explanations justifying an average rate increase of 9.6%.
4. In Exhibits IV-A and IV-B, the "Plan Change" portion appears to drive a significant portion of the 17% trend. Please quantitatively and qualitatively explain each component of this "Plan Change," including the source of each figure and why it is appropriate in the calculation of the trend assumption.

5. Please provide the number of policyholders that fall into the ranges of the rate increases listed below:

- a. < -5%
- b. -5% to 0%
- c. 0% to 5%
- d. 5% to 10%
- e. 10% to 15%
- f. 15% to 25%
- g. > 25%

In addition, please provide further detail on the rate factor changes that are driving the variability in the requested increase, such as age/gender factors, area factors, deductible factors, etc.

- 6. Explain why a credibility method used for the federal MLR rebate calculations (i.e.: 75,000 member life years as fully credible) is appropriate for rate increase purposes. Please explain why a typical rating credibility method was not used and is not appropriate for this filing.
- 7. Provide the calculation that demonstrates that the medical loss ratio after appropriate adjustment will meet federal standards for the adjusted medical loss ratio.
- 8. Modify your Actuarial Certification to include attestations for the following:
  - ❖ The premium rates are not excessive, inadequate, or unfairly discriminatory.
  - ❖ The rate filing is in compliance with the applicable federal laws and/or state laws, regulations and bulletins.

We appreciate your urgency regarding this matter.

Thank you,



Jacqueline B. Lee

Vice President & Consulting Actuary

Lewis & Ellis, Inc.

SERFF Tracking Number: ASWX-G128091481 State: Arkansas  
Filing Company: John Alden Life Insurance Company State Tracking Number:  
Company Tracking Number: ASWX-G128091481  
TOI: H16G Group Health - Major Medical Sub-TOI: H16G.003G Small Group Only - Other  
Product Name: General JALIC SG Filing  
Project Name/Number: General JALIC SG Filing/AR01482JA00031

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 04/05/2012  
Submitted Date 04/05/2012

Dear Rosalind Minor,

### Comments:

We are responding to your objection sent on 3/26/2012.

Thank you,  
Carol Fox  
414-299-7989

## Response 1

Comments: see attached

### Related Objection 1

Applies To:  
- Health - Actuarial Justification (Supporting Document)  
Comment:

Thank you for your patience with our Department's review of this submission.

I am attaching a copy of the letter from our Consulting Actuary requesting additional information on the submission. The letter was received in an attachment to an e-mail submitted to me on Friday, March 23, 2012. It is requested that you respond to the questions/statements outlined in the letter.

We appreciate your continued cooperation in this matter.

### Changed Items:

#### Supporting Document Schedule Item Changes

Satisfied -Name: Health - Actuarial Justification  
Comment:  
Satisfied -Name: Objection Response.2012.04.05

SERFF Tracking Number: ASWX-G128091481 State: Arkansas  
Filing Company: John Alden Life Insurance Company State Tracking Number:  
Company Tracking Number: ASWX-G128091481  
TOI: H16G Group Health - Major Medical Sub-TOI: H16G.003G Small Group Only - Other  
Product Name: General JALIC SG Filing  
Project Name/Number: General JALIC SG Filing/AR01482JA00031

Comment:

Satisfied -Name: Ex. 5 Experience

Comment:

Satisfied -Name: Ex. 6 MLR Calculations

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,

SPI AssurantHealthandEmployeeBenef



SERFF Tracking Number: ASWX-G128091481 State: Arkansas  
 Filing Company: John Alden Life Insurance Company State Tracking Number:  
 Company Tracking Number: ASWX-G128091481  
 TOI: H16G Group Health - Major Medical Sub-TOI: H16G.003G Small Group Only - Other  
 Product Name: General JALIC SG Filing  
 Project Name/Number: General JALIC SG Filing/AR01482JA00031

**Amendment Letter**

Submitted Date: 06/22/2012

**Comments:**

We are responding to the phone call with the Deputy Commissioner.

Thank you,

Brian Seremet, FSA, MAAA  
 Associate Actuary  
 Brian.Seremet@assurant.com  
 (414) 299-8272

**Changed Items:**

**Rate/Rule Schedule Item Changes:**

Document Name:	Affected Form Numbers: (Comma Separated list)	Rate Action:	Rate Action Information:	Attach Document:
Rates.2012.06.22JGM.TRT.AR		Revised	Previous State Filing Number:	2012_09_01_AR JGM_TGM Filing_Rate_Manual_A R- GM1_2012_06_22.PDF
			Percent Rate Change Request: 2	2012_09_01_AR JGM_TGM Filing_Rate_Manual_A R- GM1_2012_06_22.PDF

**Supporting Document Schedule Item Changes:**

**Satisfied -Name: Health - Actuarial Justification**

Comment:  
 2012\_09\_01\_AR JGM\_TGM Filing\_AR\_Memo\_2012\_06\_22.PDF

**User Added -Name: Ex. 3 Factor Changes.2012.06.22**

Comment:  
 2012\_09\_01\_AR JGM\_TGM Filing\_Ex\_3\_Factor\_Changes\_2012\_06\_22.PDF

**User Added -Name: Response Letter.2012.06.22**

*SERFF Tracking Number:* ASWX-G128091481 *State:* Arkansas  
*Filing Company:* John Alden Life Insurance Company *State Tracking Number:*  
*Company Tracking Number:* ASWX-G128091481  
*TOI:* H16G Group Health - Major Medical *Sub-TOI:* H16G.003G Small Group Only - Other  
*Product Name:* General JALIC SG Filing  
*Project Name/Number:* General JALIC SG Filing/AR01482JA00031  
**Comment:**  
2012\_09\_01\_AR TGM\_TRT\_AR Objection Response\_2012\_06\_22.PDF

*SERFF Tracking Number:* ASWX-G128091481 *State:* Arkansas  
*Filing Company:* John Alden Life Insurance Company *State Tracking Number:*  
*Company Tracking Number:* ASWX-G128091481  
*TOI:* H16G Group Health - Major Medical *Sub-TOI:* H16G.003G Small Group Only - Other  
*Product Name:* General JALIC SG Filing  
*Project Name/Number:* General JALIC SG Filing/AR01482JA00031

**Note To Reviewer**

**Created By:**

SPI AssurantHealthandEmployeeBenef on 06/18/2012 07:08 AM

**Last Edited By:**

SPI AssurantHealthandEmployeeBenef

**Submitted On:**

06/18/2012 07:08 AM

**Subject:**

Note to Reviewer sent on 6/7/2012

**Comments:**

Per our conversation on 6/13/12, you should have everything you need, if you have any other questions, please feel free to call me.

Thank you,  
Brian Seremet  
414-299-8272

SERFF Tracking Number: ASWX-G128091481 State: Arkansas  
Filing Company: John Alden Life Insurance Company State Tracking Number:  
Company Tracking Number: ASWX-G128091481  
TOI: H16G Group Health - Major Medical Sub-TOI: H16G.003G Small Group Only - Other  
Product Name: General JALIC SG Filing  
Project Name/Number: General JALIC SG Filing/AR01482JA00031

**Note To Reviewer**

**Created By:**

SPI AssurantHealthandEmployeeBenef on 06/07/2012 07:32 AM

**Last Edited By:**

SPI AssurantHealthandEmployeeBenef

**Submitted On:**

06/07/2012 07:32 AM

**Subject:**

Status on Filing

**Comments:**

Dear Department of Insurance,

As a follow-up to our phone call May 17th, 2012, I would like to inform you of the following:

John Alden Life Insurance Company and Time Insurance Company have pending Small Group Rate Filings.

SERFF JGM: ASWX-G128091481

SERFF TGM: ASWX-G128091368

We last responded to an objection on June 6th, 2012 and wanted to check the status.

We are coming up on an implementation deadline. If we do not get these filings approved by June 15th, then we must wait another 6 months to implement these rates which include new access to the ASA Network. I know that the department must be really swamped and that this may put you in a bind, but is this a time frame where we can get this done?

Please contact me if you have any questions.

Sincerely,

Brian Seremet, FSA, MAAA  
Associate Actuary  
Brian.Seremet@assurant.com  
(414) 299-8272

SERFF Tracking Number: ASWX-G128091481 State: Arkansas  
 Filing Company: John Alden Life Insurance Company State Tracking Number:  
 Company Tracking Number: ASWX-G128091481  
 TOI: H16G Group Health - Major Medical Sub-TOI: H16G.003G Small Group Only - Other  
 Product Name: General JALIC SG Filing  
 Project Name/Number: General JALIC SG Filing/AR01482JA00031

**Amendment Letter**

Submitted Date: 06/06/2012

**Comments:**

Per our phone call on May 17, 2012 we are revising the documents in this filing.

Thank you,

Brian Seremet, FSA, MAAA

Associate Actuary

(414) 299-8272

**Changed Items:**

**Rate/Rule Schedule Item Changes:**

Document Name:	Affected Form Numbers: (Comma Separated list)	Rate Action:	Rate Action Information:	Attach Document:
Rates.2012.06.06JGM.TRT.AR		Revised	Previous State Filing Number:	2012_09_01_AR JGM_TGM Filing_Rate_Manual_AR- GM1_2012_06_05.PDF
			Percent Rate Change Request: 8	2012_09_01_AR JGM_TGM Filing_Rate_Manual_AR- GM1_2012_06_05.PDF

**Supporting Document Schedule Item Changes:**

**Satisfied -Name: Health - Actuarial Justification**

Comment:

2012\_09\_01\_AR JGM\_TGM Filing\_AR\_Memo\_2012\_06\_05.PDF

**User Added -Name: Ex. 3 Factor Changes.2012.06.06**

Comment:

2012\_09\_01\_AR JGM\_TGM Filing\_Ex\_3\_Factor\_Changes\_2012\_06\_05.PDF

**User Added -Name: Response Letter.2012.06.06**

Comment:

*SERFF Tracking Number:* ASWX-G128091481 *State:* Arkansas  
*Filing Company:* John Alden Life Insurance Company *State Tracking Number:*  
*Company Tracking Number:* ASWX-G128091481  
*TOI:* H16G Group Health - Major Medical *Sub-TOI:* H16G.003G Small Group Only - Other  
*Product Name:* General JALIC SG Filing  
*Project Name/Number:* General JALIC SG Filing/AR01482JA00031  
2012\_09\_01\_AR TGM\_JGM\_TRT\_AR Response Letter\_2012\_06\_05.PDF

*SERFF Tracking Number:* ASWX-G128091481 *State:* Arkansas  
*Filing Company:* John Alden Life Insurance Company *State Tracking Number:*  
*Company Tracking Number:* ASWX-G128091481  
*TOI:* H16G Group Health - Major Medical *Sub-TOI:* H16G.003G Small Group Only - Other  
*Product Name:* General JALIC SG Filing  
*Project Name/Number:* General JALIC SG Filing/AR01482JA00031

**Note To Reviewer**

**Created By:**

SPI AssurantHealthandEmployeeBenef on 05/17/2012 12:34 PM

**Last Edited By:**

SPI AssurantHealthandEmployeeBenef

**Submitted On:**

05/17/2012 12:34 PM

**Subject:**

Phone Call 5/17/2012

**Comments:**

Per the conference call on 5/17/2012 could you please reopen this filing. We will submit the revisions by Friday May 25, 2012.

Thank You,  
Brian Seremet  
414-299-8272

SERFF Tracking Number: ASWX-G128091481 State: Arkansas  
Filing Company: John Alden Life Insurance Company State Tracking Number:  
Company Tracking Number: ASWX-G128091481  
TOI: H16G Group Health - Major Medical Sub-TOI: H16G.003G Small Group Only - Other  
Product Name: General JALIC SG Filing  
Project Name/Number: General JALIC SG Filing/AR01482JA00031

**Amendment Letter**

Submitted Date: 03/22/2012

**Comments:**

Wave Deemer

**Changed Items:**

**Supporting Document Schedule Item Changes:**

**User Added -Name: Wave Deemer.2012.03.22**

Comment:

2012\_09\_01\_AR JGM\_TRT\_AR Wave Deemer\_2012\_03\_22.PDF



SERFF Tracking Number: ASWX-G128091481 State: Arkansas  
Filing Company: John Alden Life Insurance Company State Tracking Number:  
Company Tracking Number: ASWX-G128091481  
TOI: H16G Group Health - Major Medical Sub-TOI: H16G.003G Small Group Only - Other  
Product Name: General JALIC SG Filing  
Project Name/Number: General JALIC SG Filing/AR01482JA00031

**Note To Filer**

**Created By:**

Rosalind Minor on 03/22/2012 10:21 AM

**Last Edited By:**

Rosalind Minor

**Submitted On:**

04/13/2012 02:32 PM

**Subject:**

Requesting additonal time for review

**Comments:**

We appreciate your patience with our Department's review of this rate submission. On 2/23/2012, I sent a Note to Filer advising that we were sending the rate submission to a consulting actuary for review.

Pursuant to the provisions of ACA 23-79-109(b), the period for review of this submission is being automatically extended an additional thirty (30) days until April 22, 2012.

We request that you sign and return this correspondence in order to waive all rights to deemer on this submission.

Sincerely,

Rosalind D. Minor  
Compliance Officer  
Life and Health Division

I, \_\_\_\_\_, representing \_\_\_\_\_, do hereby acknowledge receipt of this correspondence and waive all rights to deemer on this filing.

---

Dated, Signature and Title

*SERFF Tracking Number:* ASWX-G128091481 *State:* Arkansas  
*Filing Company:* John Alden Life Insurance Company *State Tracking Number:*  
*Company Tracking Number:* ASWX-G128091481  
*TOI:* H16G Group Health - Major Medical *Sub-TOI:* H16G.003G Small Group Only - Other  
*Product Name:* General JALIC SG Filing  
*Project Name/Number:* General JALIC SG Filing/AR01482JA00031

**Note To Filer**

**Created By:**

Rosalind Minor on 02/23/2012 10:03 AM

**Last Edited By:**

Rosalind Minor

**Submitted On:**

04/13/2012 02:32 PM

**Subject:**

Rate Request

**Comments:**

I forgot to add a paragraph to My Note to Filer which I sent to you on this date.

With respect to the submission, A.C.A. 23-79-109(1)-(5) sets forth the procedure by which filings may be deemed approved upon the expiration of certain time periods with no affirmative action by the commissioner. If the commissioner determines that additional information is needed to make a decision regarding approval, such request for information will be made to the company or to a representative thereof. The filing will not be considered complete until said additional information is received. The time periods set forth in this statute will not begin to run until the filing is complete

*SERFF Tracking Number:* ASWX-G128091481 *State:* Arkansas  
*Filing Company:* John Alden Life Insurance Company *State Tracking Number:*  
*Company Tracking Number:* ASWX-G128091481  
*TOI:* H16G Group Health - Major Medical *Sub-TOI:* H16G.003G Small Group Only - Other  
*Product Name:* General JALIC SG Filing  
*Project Name/Number:* General JALIC SG Filing/AR01482JA00031

**Note To Filer**

**Created By:**

Rosalind Minor on 02/23/2012 09:53 AM

**Last Edited By:**

Rosalind Minor

**Submitted On:**

04/13/2012 02:32 PM

**Subject:**

Rate Request

**Comments:**

This submission is being reviewed by an outside actuary. We will keep you posted.

*SERFF Tracking Number:* ASWX-G128091481 *State:* Arkansas  
*Filing Company:* John Alden Life Insurance Company *State Tracking Number:*  
*Company Tracking Number:* ASWX-G128091481  
*TOI:* H16G Group Health - Major Medical *Sub-TOI:* H16G.003G Small Group Only - Other  
*Product Name:* General JALIC SG Filing  
*Project Name/Number:* General JALIC SG Filing/AR01482JA00031

**Reviewer Note**

**Created By:**

Rosalind Minor on 05/16/2012 12:53 PM

**Subject:**

Rate Review Summary

**Comments:**

Attached is the summary worksheet from David Dillion, Lewis & Ellis, Inc.

# **ARKANSAS INSURANCE DEPARTMENT**

## **Rate Review Summary for Small Group Filings subject to Bulletin 7-2011**

### **Section I. Filing Information**

Name of Insurer: John Alden LIC

SERFF Filing Number: ASWX-G128091481

Type of Product: ☒ Small Group ☐ Individual  
☒ PPO ☐ HMO ☐ POS ☒ HDHP

Form Number(s): JGM.TRT.AR

Primary Reviewer Name: Jacqueline B. Lee, FSA, MAAA - Lewis & Ellis, Inc.

Rate Request % Change: 9.6% Average -11.6% Minimum 36.7% Maximum

Rate Request Effective Date: 9/1/2012

Number of Affected State Policyholders: 361

### **Section II. Rate Change Review**

Reviewed Part I - Rate increase summary	Yes	No	NA
Reviewed Part II - Written explanation of rate change	Yes	No	NA
Reviewed Part III - Rate filing documentation	Yes	No	NA
Does current filing appear reasonable versus prior filings, if applicable?	Yes	No	NA
Is the claims experience of multiple policy forms being merged?	Yes	No	NA
Is AR claims experience being merged with other states' experience?	Yes	No	NA
Does the policy's claim experience contribute to the proposed rate change?	Yes	No	NA
Is there a proposed change in the rating methodology?	Yes	No	NA
Is there a proposed change in rating factors?	Yes	No	NA
Does the unit cost trend appear reasonable?	Yes	No	NA
Does the utilization trend appear reasonable?	Yes	No	NA
Do the non-claim expenses appear reasonable?	Yes	No	NA
Has the Company's financial data been reviewed?	Yes	No	NA
Is the proposed rate change needed for the insurer's solvency?	Yes	No	NA
Is the proposed rate change needed to maintain future rate stability?	Yes	No	NA
Do the proposed rates appear Excessive?	Yes	No	NA
Do the proposed rates appear Inadequate?	Yes	No	NA
Do the proposed rates appear Unfairly Discriminatory?	Yes	No	NA
Do the proposed rates appear Unjustified?	Yes	No	NA
Do the proposed rates appear compliant with laws, regulations, or bulletins?	Yes	No	NA

### **Section III. Additional Reviewers**

Name & Title: Josh A. Hammerquist, ASA - Lewis & Ellis, Inc.

Name & Title: David M. Dillon, FSA, MAAA - Lewis & Ellis, Inc.

Name & Title:

### **Section IV. Rate Review Determination**

The proposed rate change was determined to be:

Unreasonable

Unreasonable (Modified)

Not unreasonable

Not unreasonable (Modified)

Withdrawn prior to determination

X

Rate % to be Implemented:  Average  Minimum  Maximum

### **Section V. Summary**

Request: 9.6%

Conclusion: Unreasonable

Support for Decision: The 2010 credibility weighted loss ratio (AR and NW) is 68.8%. In the first half of 2011, the credibility weighted loss ratio is 62.0%. The credibility weighted loss ratio projected for 2012 is 73%. All loss ratios appear lower than 80%. Assumed trend amount of 17% appears excessive and not adequately supported. The carrier did not use state experience when determining the rate increase because of an inappropriate and unjustified credibility method for rating purposes.

Date: 04/12/2012

SERFF Tracking Number: ASWX-G128091481 State: Arkansas

Filing Company: John Alden Life Insurance Company State Tracking Number:

Company Tracking Number: ASWX-G128091481

TOI: H16G Group Health - Major Medical Sub-TOI: H16G.003G Small Group Only - Other

Product Name: General JALIC SG Filing

Project Name/Number: General JALIC SG Filing/AR01482JA00031

**Post Submission Update Request Processed On 06/25/2012**

**Status:** Allowed

**Created By:** SPI AssurantHealthandEmployeeBenef

**Processed By:** Rosalind Minor

**Comments:**

**Company Rate Information:**

**Company Name:** John Alden Life Insurance Company

Field Name	Requested Change	Prior Value
Overall % Indicated Change	2.200%	7.500%
Overall % Rate Impact	2.200%	7.500%
Written Premium Change for this Program	\$57715	\$196754
Maximum %Change (where required)	23.000%	17.000%
Minimum %Change (where required)	-15.000%	-13.000%
Trend Factors:	8.0	17%

**REQUESTED RATE CHANGE INFORMATION:**

Min:	-15.000	-13.000
Max:	23.000	17
Wighted Avg.:	2.200	7.5

SERFF Tracking Number: ASWX-G128091481 State: Arkansas

Filing Company: John Alden Life Insurance Company State Tracking Number:

Company Tracking Number: ASWX-G128091481

TOI: H16G Group Health - Major Medical Sub-TOI: H16G.003G Small Group Only - Other

Product Name: General JALIC SG Filing

Project Name/Number: General JALIC SG Filing/AR01482JA00031

**Post Submission Update Request Processed On 06/22/2012**

**Status:** Allowed

**Created By:** SPI AssurantHealthandEmployeeBenef

**Processed By:** Rosalind Minor

**Comments:**

**Company Rate Information:**

**Company Name:** John Alden Life Insurance Company

Field Name	Requested Change	Prior Value
Overall % Indicated Change	7.500%	9.600%
Overall % Rate Impact	7.500%	9.600%
Written Premium Change for this Program	\$196754	\$251846
Maximum %Change (where required)	17.000%	36.700%
Minimum %Change (where required)	-13.000%	-11.600%

**REQUESTED RATE CHANGE INFORMATION:**

Min:	-13.000	-11.600
Max:	17.000	36.7
Wighted Avg.:	7.500	9.6

SERFF Tracking Number:	ASWX-G128091481	State:	Arkansas
Filing Company:	John Alden Life Insurance Company	State Tracking Number:	
Company Tracking Number:	ASWX-G128091481		
TOI:	H16G Group Health - Major Medical	Sub-TOI:	H16G.003G Small Group Only - Other
Product Name:	General JALIC SG Filing		
Project Name/Number:	General JALIC SG Filing/AR01482JA00031		

## Rate Information

Rate data applies to filing.

<b>Filing Method:</b>	Prior Approval
<b>Rate Change Type:</b>	Increase
<b>Overall Percentage of Last Rate Revision:</b>	%
<b>Effective Date of Last Rate Revision:</b>	
<b>Filing Method of Last Filing:</b>	Prior Approval

## Company Rate Information

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:		Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
John Alden Life Insurance Company	Increase	2.200%	2.200%		\$57,715	361	\$2,623,391	23.000%	-15.000%
Product Type:		HMO	PPO	EPO	POS	HSA	HDHP	FFS	Other
Covered Lives:		503		39		331			
Policy Holders:		361		19		241			



SERFF Tracking Number:	ASWX-G128091481	State:	Arkansas
Filing Company:	John Alden Life Insurance Company	State Tracking Number:	
Company Tracking Number:	ASWX-G128091481		
TOI:	H16G Group Health - Major Medical	Sub-TOI:	H16G.003G Small Group Only - Other
Product Name:	General JALIC SG Filing		
Project Name/Number:	General JALIC SG Filing/AR01482JA00031		

## Rate Review Details

### COMPANY:

Company Name:	John Alden Life Insurance Company
HHS Issuer Id:	51826
Product Names:	JGM.TRT.AR
Trend Factors:	8.0

### FORMS:

New Policy Forms:

Affected Forms:

Other Affected Forms:	JGM.TRT.AR
-----------------------	------------

### REQUESTED RATE CHANGE

#### INFORMATION:

Change Period:	Annual
Member Months:	7,037
Benefit Change:	Increase
Percent Change Requested:	Min: -15.0 Max: 23.0 Avg: 2.2

#### PRIOR RATE:

Total Earned Premium:	2,913,616.00
Total Incurred Claims:	1,620,488.00
Annual \$:	Min: 66.00 Max: 1,735.00 Avg: 481.00

#### REQUESTED RATE:

Projected Earned Premium:	3,193,271.00
Projected Incurred Claims:	1,663,551.00
Annual \$:	Min: 57.00 Max: 2,153.00 Avg: 527.00

SERFF Tracking Number:	ASWX-G128091481	State:	Arkansas
Filing Company:	John Alden Life Insurance Company	State Tracking Number:	
Company Tracking Number:	ASWX-G128091481		
TOI:	H16G Group Health - Major Medical	Sub-TOI:	H16G.003G Small Group Only - Other
Product Name:	General JALIC SG Filing		
Project Name/Number:	General JALIC SG Filing/AR01482JA00031		

## Rate/Rule Schedule

Schedule Item Status:	Document Name:	Affected Form Numbers: (Separated with commas)	Rate Action: Action:*	Rate Action Information:	Attachments
Approved-Closed 06/25/2012	Rates.2012.06.22	JGM.TRT.AR	Revised	Previous State Filing Number: Percent Rate Change Request: 2.200	2012_09_01_AR JGM_TGM Filing_Rate_Manual_AR- GM1_2012_06_22.PDF

SERFF Tracking Number:	ASWX-G128091481	State:	Arkansas
Filing Company:	John Alden Life Insurance Company	State Tracking Number:	
Company Tracking Number:	ASWX-G128091481		
TOI:	H16G Group Health - Major Medical	Sub-TOI:	H16G.003G Small Group Only - Other
Product Name:	General JALIC SG Filing		
Project Name/Number:	General JALIC SG Filing/AR01482JA00031		

## Supporting Document Schedules

	<b>Item Status:</b>	<b>Status</b>
		<b>Date:</b>
<b>Satisfied - Item:</b> Health - Actuarial Justification	Approved-Closed	06/25/2012
<b>Comments:</b>		
<b>Attachment:</b>		
2012_09_01_AR JGM_TGM Filing_AR_Memo_2012_06_22.PDF		

	<b>Item Status:</b>	<b>Status</b>
		<b>Date:</b>
<b>Bypassed - Item:</b> Rate Summary Worksheet	Approved-Closed	06/25/2012
<b>Bypass Reason:</b> NA		
<b>Comments:</b>		

	<b>Item Status:</b>	<b>Status</b>
		<b>Date:</b>
<b>Satisfied - Item:</b> Cover Letter	Approved-Closed	06/25/2012
<b>Comments:</b>		
<b>Attachment:</b>		
2012_09_01_AR JGM_TGM Filing_AR CoverLetter_2012_02_07.PDF		

	<b>Item Status:</b>	<b>Status</b>
		<b>Date:</b>
<b>Satisfied - Item:</b> Ex. 3 Factor Changes.2012.06.22	Approved-Closed	06/25/2012
<b>Comments:</b>		
<b>Attachment:</b>		
2012_09_01_AR JGM_TGM Filing_Ex_3_Factor_Changes_2012_06_22.PDF		

	<b>Item Status:</b>	<b>Status</b>
		<b>Date:</b>
<b>Satisfied - Item:</b> Ex. 4 Trend Study	Approved-Closed	06/25/2012
<b>Comments:</b>		
<b>Attachment:</b>		

SERFF Tracking Number: ASWX-G128091481 State: Arkansas  
 Filing Company: John Alden Life Insurance Company State Tracking Number:  
 Company Tracking Number: ASWX-G128091481  
 TOI: H16G Group Health - Major Medical Sub-TOI: H16G.003G Small Group Only - Other  
 Product Name: General JALIC SG Filing  
 Project Name/Number: General JALIC SG Filing/AR01482JA00031  
 2012\_09\_01\_AR JGM\_TGM Filing\_Ex\_4\_Trend\_Study\_2012\_02\_07.PDF

	Item Status:	Status Date:
<b>Bypassed - Item:</b> Consumer Disclosure Form	Approved-Closed	06/25/2012
<b>Bypass Reason:</b> NA		
<b>Comments:</b>		

	Item Status:	Status Date:
<b>Satisfied - Item:</b> Ex. 1 Experience_Projection	Approved-Closed	06/25/2012
<b>Comments:</b>		
<b>Attachment:</b>		
2012_09_01_AR JGM_TGM Filing_Ex_1_Experience_Projection_2012_02_07.PDF		

	Item Status:	Status Date:
<b>Satisfied - Item:</b> Ex. 2 Monthly Rate Change	Approved-Closed	06/25/2012
<b>Comments:</b>		
<b>Attachment:</b>		
2012_09_01_AR JGM_TGM Filing_Ex_2_Monthly_Rate_Table_2012_02_07.PDF		

	Item Status:	Status Date:
<b>Bypassed - Item:</b> Flesch Certification	Approved-Closed	06/25/2012
<b>Bypass Reason:</b> NA - Rate Filing		
<b>Comments:</b>		

	Item Status:	Status Date:
<b>Satisfied - Item:</b> Wave Deemer.2012.03.22	Approved-Closed	06/25/2012
<b>Comments:</b>		
<b>Attachment:</b>		
2012_09_01_AR JGM_TRT_AR Wave Deemer_2012_03_22.PDF		

SERFF Tracking Number:	ASWX-G128091481	State:	Arkansas
Filing Company:	John Alden Life Insurance Company	State Tracking Number:	
Company Tracking Number:	ASWX-G128091481		
TOI:	H16G Group Health - Major Medical	Sub-TOI:	H16G.003G Small Group Only - Other
Product Name:	General JALIC SG Filing		
Project Name/Number:	General JALIC SG Filing/AR01482JA00031		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Objection Response.2012.04.05	Approved-Closed	06/25/2012
<b>Comments:</b>		
<b>Attachment:</b>		
2012_09_01_AR TGM_TRT_AR Objection Response_2012_04_04.PDF		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Ex. 5 Experience	Approved-Closed	06/25/2012
<b>Comments:</b>		
<b>Attachment:</b>		
2012_09_01 AR JGM_TGM Filing_Ex_5_Experience_2012_04_04.PDF		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Ex. 6 MLR Calculations	Approved-Closed	06/25/2012
<b>Comments:</b>		
<b>Attachment:</b>		
2012_09_01 AR JGM_TGM Filing_Ex_6_MLR Calc_2012_04_04.PDF		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Response Letter.2012.06.06	Approved-Closed	06/25/2012
<b>Comments:</b>		
<b>Attachment:</b>		
2012_09_01_AR TGM_JGM_TRT_AR Response Letter_2012_06_05.PDF		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Response Letter.2012.06.22	Approved-Closed	06/25/2012
<b>Comments:</b>		
<b>Attachment:</b>		

*SERFF Tracking Number:* ASWX-G128091481 *State:* Arkansas  
*Filing Company:* John Alden Life Insurance Company *State Tracking Number:*  
*Company Tracking Number:* ASWX-G128091481  
*TOI:* H16G Group Health - Major Medical *Sub-TOI:* H16G.003G Small Group Only - Other  
*Product Name:* General JALIC SG Filing  
*Project Name/Number:* General JALIC SG Filing/AR01482JA00031  
2012\_09\_01\_AR TGM\_TRT\_AR Objection Response\_2012\_06\_22.PDF



**ASSURANT**  
Health

501 West Michigan  
P.O. Box 3050  
Milwaukee, WI 53201-3050  
Phone: 1-800-800-1212 x7989

[www.assurant.com](http://www.assurant.com)

February 13, 2012

Arkansas Department of Insurance

**John Alden Life Insurance Company**  
**NAIC #65080; FEIN: 41-0999752**

Re: John Alden Life Insurance Company  
Time Insurance Company  
Filings for JGM.TRT.AR, TGM.TRT.AR  
Proposed Effective Date: **September 1, 2012**

**Time Insurance Company**  
**NAIC #69477; FEIN: 39-0658730**

Dear Department of Insurance:

Enclosed are the rate filings for John Alden Life Insurance Company and Time Insurance Company for small employer health plans in the state of Arkansas. These rates will be used by groups issued or renewed beginning **September 1, 2012**, or the earliest date after which your approval is received. We are filing for a decrease to our index rates of 7.5% in addition to an extension of our monthly trend of 1.32%. The projected average renewal increase over the next 12 months is 9.6%.

Included with this submission are cover letter, Actuarial memorandum and certification, and rate manual.

Components included with this rate filing are considered proprietary to John Alden Life Insurance Company and Time Insurance Company. We request that this information be kept confidential and treated as trade secret.

Your prompt attention to this filing will be appreciated. Please acknowledge acceptance of this filing by responding to me using the contact information below. If you have any questions, please contact me at the email address or phone number found below. Thank you in advance for your cooperation.

Sincerely,

Carol Fox  
Actuarial Analyst  
Small Group Actuarial  
[carol.fox@assurant.com](mailto:carol.fox@assurant.com)  
T 414.299.7989  
F 414.299.1187

**JOHN ALDEN LIFE INSURANCE COMPANY and TIME INSURANCE COMPANY**  
**FORMS JGM.TRT.AR and TGM.TRT.AR**  
**Exhibit III - Outline of Factor Changes**  
**Effective - 9/1/2012**

**V. Global Trend Factor**

Trend Factor =  $22.7672 * (1.0064 ^ N)$

Where N is the number of Months from 9/12 to the Case Effective Month.

**III.A. Network Groupings**

Network	Market	Prior Network Grouping	New Network Grouping	Average Network Grouping Change	Previous Network Factor	New Network Factor	Average Final rate change
AMCO	Little Rock	BCKT5	BCKT3	1.0%	0.5425	0.8919	0.0%
PHCS	Little Rock	BCKT6	BCKT3	1.0%	0.5223	0.8587	0.0%
AMCO	North Rural AR	BCKT8	BCKT3	4.0%	0.7585	1.2841	0.0%
NovaSys	North Rural AR	BCKT6	BCKT3	1.0%	0.7425	1.2208	0.0%
PHCS	North Rural AR	BCKT6	BCKT3	1.0%	0.7369	1.2115	0.0%
AMCO	South Rural AR	BCKT6	BCKT3	1.0%	0.7103	1.1678	0.0%
NovaSys	South Rural AR	BCKT6	BCKT3	1.0%	0.6887	1.1324	0.0%
PHCS	South Rural AR	BCKT6	BCKT3	1.0%	0.7276	1.1963	0.0%
AMCO	Tulsa/Ft Smith	BCKT2	BCKT3	-1.0%	0.5800	0.9348	0.0%
PCC	Tulsa/Ft Smith	BCKT6	BCKT3	1.0%	0.6377	1.0484	0.0%
AMCO	Memphis	BCKT5	BCKT3	1.0%	0.6796	1.1174	0.0%
Baptist Health	Memphis	BCKT6	BCKT3	1.0%	0.7543	1.2401	0.0%
NovaSys	Memphis	BCKT6	BCKT3	1.0%	0.7276	1.1962	0.0%
THC	Memphis	BCKT6	BCKT3	1.0%	0.7358	1.2097	0.0%
American PPO	East TX	BCKT6	BCKT3	1.0%	0.8345	1.3720	0.0%
PHCS	East TX	BCKT2	BCKT3	-1.0%	0.5274	0.8500	0.0%

**VII.B Network Factor**

<u>NETWORK</u>	<u>MARKET</u>	<u>Previous Network Factor</u>	<u>New Network Factor</u>	<u>Change</u>
ASA	East TX		0.7373	NEW
ASA	Little Rock		0.7347	NEW
ASA	Memphis		0.7272	NEW
ASA	North Rural AR		0.8912	NEW
ASA	South Rural AR		0.9453	NEW
ASA	Tulsa/Ft Smith		0.8830	NEW

**New Plan Options Summary**

- Added \$500 DXL Benefit
- Added \$250 ER Copay Benefit
- Added 50% Coinsurance Drug Card
- Added \$6,000 HSA Deductible
- Added \$7,500 OOP Max
- Added \$1,000 OOP MAX for HSA



**Assurant Health**  
**John Alden Life Insurance Company form JGM.TRT.AR / Time Insurance Company form TGM.TRT.AR**  
**State of AR**  
**Exhibit I - Historical & Projected Experience**  
**Inforce Data as of 06/30/2011**

**Policies Inforce**

	AR				Nationwide			
	2008	2009	2010	2011	2008	2009	2010	2011
JGM.TRT.AR and TGM.TRT.AR	26	78	102	85	1,720	5,145	10,036	11,500
J-3000-CC	-	-	-	-	366	178	41	10
J-3050-CC	-	-	-	-	140	84	60	35
J-4000-CC	82	43	3	-	9,692	6,385	2,303	558
C61.100.SIG.ZZ	-	-	-	-	-	-	-	-
C99.100.SIG.AR	8	6	3	2	2,665	1,832	1,166	496
<b>Total</b>	<b>116</b>	<b>127</b>	<b>108</b>	<b>87</b>	<b>14,583</b>	<b>13,624</b>	<b>13,606</b>	<b>12,599</b>

**Members Inforce**

	AR				Nationwide			
	2008	2009	2010	2011	2008	2009	2010	2011
JGM.TRT.AR and TGM.TRT.AR	166	454	543	572	14,293	42,934	80,548	95,492
J-3000-CC	-	-	-	-	1,077	563	128	22
J-3050-CC	-	-	-	-	687	383	272	175
J-4000-CC	502	245	12	-	75,142	45,879	15,383	3,663
C61.100.SIG.ZZ	-	-	-	-	-	-	-	-
C99.100.SIG.AR	52	29	12	7	22,750	14,815	8,741	3,290
<b>Total</b>	<b>720</b>	<b>728</b>	<b>567</b>	<b>579</b>	<b>113,949</b>	<b>104,574</b>	<b>105,072</b>	<b>102,642</b>

Assurant Health  
John Alden Life Insurance Company form JSM.TRT.AR / Time Insurance Company form TGM.TRT.AR  
State of AR  
EXHIBIT I - Historical & Projected Experience  
Year by Year Breakdown

**Historical Experience**

First Year Experience (Policy Durations 1 through 12)									
Experience Period	Actual State Member Months	Actual Earned Premium	Actual Incurred Claims	Actual Expected Claims	Actual State LR	Claims A/E Ratio	Actual National LR	Credibility Weighted LR	Credibility Weighted A/E Ratio
2008	2,866	\$775,373	\$559,601	\$512,506	72%	1.09	65%	66%	0.98
2009	3,178	\$961,614	\$488,093	\$644,746	51%	0.76	64%	63%	0.96
2010	2,205	\$674,636	\$677,145	\$450,617	100%	1.50	65%	67%	1.00
201101 - 201106	1,104	\$325,317	\$97,464	\$211,046	30%	0.46	71%	69%	1.14
Renewal Experience (Policy Durations 13+)									
Experience Period	Actual State Member Months	Actual Earned Premium	Actual Incurred Claims	Actual Expected Claims	Actual State LR	Claims A/E Ratio	Actual National LR	Credibility Weighted LR	Credibility Weighted A/E Ratio
2008	6,102	\$2,350,948	\$2,236,768	\$1,879,962	96%	1.19	69%	72%	0.90
2009	5,320	\$2,376,836	\$2,174,227	\$1,909,569	91%	1.14	77%	78%	0.97
2010	5,009	\$2,490,265	\$1,327,569	\$1,990,525	53%	0.67	73%	72%	0.90
201101 - 201106	2,384	\$1,140,278	\$615,908	\$851,607	54%	0.72	69%	68%	0.91
All Experience (First Year and Renewal Combined)									
Experience Period	Actual State Member Months	Actual Earned Premium	Actual Incurred Claims	Actual Expected Claims	Actual State LR	Claims A/E Ratio	Actual National LR	Credibility Weighted LR	Credibility Weighted A/E Ratio
2008	8,968	\$3,126,321	\$2,795,369	\$2,392,469	89%	1.17	69%	71%	0.92
2009	8,498	\$3,338,450	\$2,662,321	\$2,554,315	80%	1.04	73%	74%	0.97
2010	7,214	\$3,164,901	\$2,004,714	\$2,441,142	63%	0.82	71%	70%	0.92
201101 - 201106	3,488	\$1,465,595	\$713,373	\$1,062,652	49%	0.67	70%	68%	0.86

**Anticipated Future Experience with Proposed Rate Actions and Trend**

Experience Period	Projected State Member Months	Projected Earned Premium	Projected Incurred Claims	Projected Expected Claims	Projected State LR	Claims A/E Ratio	Projected National LR	Credibility Weighted LR	Credibility Weighted A/E Ratio
201107 - 201112	3,117	\$1,378,298	\$884,381	\$1,089,246	64%	0.81	80%	79%	1.00
2012	4,720	\$2,331,873	\$1,500,558	\$1,846,299	64%	0.81	80%	79%	1.00
2013	3,238	\$1,784,302	\$1,173,927	\$1,427,850	66%	0.82	80%	79%	0.99
2014	2,221	\$1,413,026	\$932,487	\$1,130,420	66%	0.82	80%	79%	0.99
2015	1,524	\$1,134,531	\$746,702	\$907,625	66%	0.82	80%	79%	0.99
2016	1,045	\$910,925	\$601,140	\$728,740	66%	0.82	80%	80%	0.99
2017	717	\$731,390	\$482,661	\$585,112	66%	0.82	80%	80%	1.00
2018	492	\$587,239	\$387,532	\$469,791	66%	0.82	80%	80%	1.00
2019	337	\$471,500	\$311,153	\$377,200	66%	0.82	80%	80%	1.00
2020	231	\$378,571	\$249,828	\$302,857	66%	0.82	80%	80%	1.00
2021	159	\$303,958	\$200,589	\$243,167	66%	0.82	80%	80%	1.00

**Assumptions:**

- Annual lapse rate: 31.4%
- Annual claims trend: 17%
- Annual premium trend: 17%
- By our definition, a fully credible block is 900000 member months per year
- Rate increases starting 201309 are at trend
- Sales through 201106
- The proposed rate actions are outlined in the actuarial memorandum

**Anticipated Future Experience without Proposed Rate Actions (Trend Only)**

Experience Period	Projected Earned Premium	Projected Incurred Claims	Projected Expected Claims	Projected State LR	Claims A/E Ratio	Projected National LR	Credibility Weighted LR	Credibility Weighted A/E Ratio
201107 - 201112	\$1,378,298	\$884,381	\$1,089,246	64%	0.81	80%	79%	1.00
2012	\$2,341,675	\$1,505,367	\$1,854,107	64%	0.81	81%	79%	1.00
2013	\$1,880,152	\$1,221,567	\$1,504,541	65%	0.81	83%	82%	1.03
2014	\$1,509,591	\$980,534	\$1,207,672	65%	0.81	84%	83%	1.04
2015	\$1,212,064	\$787,279	\$969,651	65%	0.81	84%	83%	1.04
2016	\$973,177	\$632,113	\$778,541	65%	0.81	84%	83%	1.04
2017	\$781,372	\$507,530	\$625,098	65%	0.81	84%	83%	1.04
2018	\$627,371	\$407,500	\$501,897	65%	0.81	84%	84%	1.04
2019	\$503,722	\$327,185	\$402,977	65%	0.81	84%	84%	1.04
2020	\$404,443	\$262,700	\$323,554	65%	0.81	84%	84%	1.05
2021	\$324,731	\$210,924	\$259,784	65%	0.81	84%	84%	1.05

Assurant Health  
John Aiden Life Insurance Company form JGM.TRT.AR / Time Insurance Company form TGM.TRT.AR  
State of AR  
EXHIBIT I - Historical & Projected Experience  
Month by Month Breakdown

Anticipated Future Experience with Proposed Rate Actions

Experience Period	Projected State Member Months	Projected Earned Premium	Projected Incurred Claims	Projected Expected Claims	Projected State LB	Claims AE Ratio	Projected National LB	Credibility Weighted LB	Credibility Weighted AE Ratio
201209	361	\$185,023	\$118,877	\$146,221	64%	0.81	80%	79%	1.00
201210	350	\$180,671	\$116,694	\$143,346	65%	0.81	80%	79%	1.00
201211	339	\$176,422	\$114,692	\$140,702	65%	0.82	80%	79%	0.99
201212	329	\$172,272	\$112,442	\$137,759	65%	0.82	80%	79%	0.99
201301	319	\$168,220	\$110,323	\$134,985	66%	0.82	80%	79%	0.99
201302	309	\$164,264	\$107,545	\$131,411	65%	0.82	80%	79%	0.99
201303	299	\$160,400	\$105,154	\$128,320	66%	0.82	80%	79%	0.99
201304	290	\$156,627	\$102,817	\$125,302	66%	0.82	80%	79%	0.99
201305	281	\$152,943	\$100,531	\$122,355	66%	0.82	80%	79%	0.99
201306	272	\$149,346	\$98,297	\$119,477	66%	0.82	80%	79%	0.99
201307	264	\$145,833	\$96,112	\$116,667	66%	0.82	80%	79%	0.99
201308	256	\$142,403	\$93,975	\$113,923	66%	0.82	80%	79%	0.99

Assumptions:

- Annual lapse rate: 31.4%
- Annual claims trend: 17%
- Annual premium trend: 17%
- By our definition, a fully credible block is 900000 member months per year
- Rate increases starting 201309 are at trend
- Sales through 201106
- The proposed rate actions are outlined in the actuarial memorandum

Anticipated Future Experience without Proposed Rate Actions (Trend Only)

Experience Period	Projected Earned Premium	Projected Incurred Claims	Projected Expected Claims	Projected State LB	Claims AE Ratio	Projected National LB	Credibility Weighted LB	Credibility Weighted AE Ratio
201209	\$186,045	\$119,375	\$147,028	64%	0.81	81%	80%	1.01
201210	\$182,673	\$117,675	\$144,934	64%	0.81	81%	80%	1.01
201211	\$179,362	\$116,142	\$143,046	65%	0.81	81%	80%	1.01
201212	\$176,110	\$114,341	\$140,828	65%	0.81	82%	80%	1.01
201301	\$172,918	\$112,657	\$138,754	65%	0.81	82%	81%	1.01
201302	\$169,784	\$110,281	\$135,827	65%	0.81	82%	81%	1.01
201303	\$166,706	\$108,292	\$133,365	65%	0.81	82%	81%	1.02
201304	\$163,694	\$106,319	\$130,948	65%	0.81	83%	82%	1.02
201305	\$160,717	\$104,392	\$128,574	65%	0.81	83%	82%	1.02
201306	\$157,804	\$102,499	\$126,243	65%	0.81	83%	82%	1.03
201307	\$154,944	\$100,642	\$123,955	65%	0.81	84%	82%	1.03
201308	\$152,135	\$98,817	\$121,708	65%	0.81	84%	83%	1.03

**EXHIBIT II**  
**JOHN ALDEN LIFE INSURANCE COMPANY**  
**TIME INSURANCE COMPANY**  
**FORM JGM.TRT.AR and TGM.TRT.AR**  
**Monthly Change in New Business Rates**  
**Arkansas Small Employer Groups**

Date	Arkansas Monthly Change	Nationwide Monthly Change
Jan-08	1.97%	2.37%
Feb-08	1.32%	1.32%
Mar-08	1.32%	1.32%
Apr-08	0.28%	1.41%
May-08	1.32%	1.32%
Jun-08	1.32%	1.32%
Jul-08	1.38%	0.63%
Aug-08	1.32%	1.32%
Sep-08	1.32%	1.32%
Oct-08	1.32%	1.27%
Nov-08	1.32%	1.32%
Dec-08	1.32%	1.32%
Jan-09	0.66%	-2.41%
Feb-09	1.32%	1.32%
Mar-09	1.32%	1.32%
Apr-09	2.33%	1.24%
May-09	1.32%	1.32%
Jun-09	1.32%	1.32%
Jul-09	1.32%	1.32%
Aug-09	2.81%	1.45%
Sep-09	1.32%	1.32%
Oct-09	1.32%	1.32%
Nov-09	1.32%	1.32%
Dec-09	6.22%	5.60%
Jan-10	1.32%	1.32%
Feb-10	1.32%	1.32%
Mar-10	1.32%	1.32%
Apr-10	2.80%	3.51%
May-10	1.32%	1.32%
Jun-10	1.32%	1.32%
Jul-10	1.32%	1.32%
Aug-10	2.70%	2.56%
Sep-10	1.32%	1.32%
Oct-10	1.32%	1.14%
Nov-10	1.32%	1.32%
Dec-10	1.32%	1.32%
Jan-11	1.32%	1.04%
Feb-11	1.32%	1.32%
Mar-11	1.32%	1.32%
Apr-11	4.36%	2.74%
May-11	1.32%	1.32%
Jun-11	1.32%	1.32%
Jul-11	1.32%	1.32%
Aug-11	1.32%	1.81%
Sep-11	1.32%	1.32%
Oct-11	1.32%	1.32%
Nov-11	1.32%	1.32%
Dec-11	1.32%	1.43%
Jan-12	1.32%	1.32%
Feb-12	1.32%	1.32%
Mar-12	1.32%	1.32%
Apr-12	1.32%	-2.02%
May-12	1.32%	1.32%
Jun-12	1.32%	1.32%
Jul-12	1.32%	1.32%
Aug-12	1.32%	1.32%
Sep-12	-6.27%	1.32%

**AR JGM.TRT.AR 9/1/2012 Rate Filing  
John Alden Life Insurance Company**

**SERFF Filing ID: ASWX-G128091481  
Date Note Sent: March 22, 2012 - 11:23**

Note To Filer - Subject: Requesting additional time for review

Comments: We appreciate your patience with our Department's review of this rate submission. On 2/23/2012, I sent a Note to Filer advising that we were sending the rate submission to a consulting actuary for review.

Pursuant to the provisions of ACA 23-79-109(b), the period for review of this submission is being automatically extended an additional thirty (30) days until April 22, 2012.

We request that you sign and return this correspondence in order to waive all rights to deemer on this submission.

Sincerely,

Rosalind D. Minor  
Compliance Officer  
Life and Health Division

I, Raymond Brouillette, representing John Alden Life Insurance Company, do hereby acknowledge receipt of this correspondence and waive all rights to deemer on this filing.

3/22/2012,  VP, SR Actuary

Dated

Signature and Title



ASSURANT

501 West Michigan  
PO Box 3050  
Milwaukee, WI 53201-3050  
T 800.800.1212  
F 414.299.8904

April 5, 2012

[www.assurant.com](http://www.assurant.com)

Arkansas Department of Insurance

Re: Filings for TGM.TRT.AR  
Time Insurance Company, NAIC Co. No. 00069477  
SERFF Filing ID: ASWX-G128091368

Re: Filings for JGM.TRT.AR  
John Alden Life Insurance Company, NAIC Co. No. 00065080  
SERFF Filing ID: ASWX-G128091481

Dear Department of Insurance,

We are sending a follow up to your objection letter sent on March 26, 2012.

- 1. Please provide the loss ratio experience and enrollment numbers for John Alden Life Insurance Company/Time Insurance Company only and any affiliates separately. Provide this information for Arkansas experience only and Nationwide separately.*

Please see the attached file 2012.09.01 AR JGM\_TGM  
Filing.Ex\_5\_Experience.2012.04.04 for the requested information.

- 2. Elaborate on why Time's experience was combined with John Alden Insurance Company's experience and how it is appropriate.*

John Alden Life Insurance Company and Time Insurance Company set premium rates based on combined data and in order to meet the MLR requirements. The two companies have identical products, which are underwritten, issued and administered as one common block of business. These identical products have identical premium rates, as we believe it is not appropriate to charge different premium rates for the same product.

3. *Exhibit 1 shows that the credibility weighted loss ratio was 70% in 2010 and 68% for the first half of 2011. The target loss ratio appears to be 77%. Please provide further qualitative and quantitative explanations justifying an average rate increase of 9.6%.*

The target loss ratio is 77% as you stated. Please see the answer to Objection 5 for a breakdown of the components of the rate increase.

Claims experience at higher deductibles continues to deteriorate nationwide, especially for first-year policies. This is attributable to a material change in risk being issued. Premium short cases have risen steady over the past 30 months, and claims experience on this cohort has deteriorated substantially. A premium short case is defined as a case with a desired underwriting load in excess of the maximum allowed underwriting load. Because underwriting loads are calculated on a dollar-basis and are then translated into a pure load, it is easier for a group to exceed the maximum allowed pure load at higher deductibles. As sales of higher deductibles continue to become a larger portion of our business, we anticipate the risk profile of the overall block will deteriorate in the upcoming year.

In order to offset the experience associated with an increase in premium short cases, plan adjustment factors will be increased for the following deductible ranges:

<u>Deductible Range</u>	<u>Change</u>
\$2,000 - \$2,999	+2%
\$3,000 - \$4,999	+4%
\$5,000 - \$9,999	+6%
\$10,000	+8%

We believe this will help address the pricing pressures experienced on first-year and early duration renewal policies.

In addition to the deductible changes, ASA will be implemented statewide in **Arkansas** for new business and renewal rates effective 9/1/2012. The new network will offer similar, if not broader coverage, and improved discounts in many markets. Existing policies will be allowed to roll to the new network on their renewal date in order to administrate network change requests in a reasonable manner.

The rate impact of ASA is based on the discount improvement in a given market and the probability of the group accepting the renewal option to move to the new network. An analysis using company experience has been performed by our internal Provider Management Actuarial team to identify the relationship between new network introductions and their pricing differential relative to existing networks in a given market.

The discount improvement with the new network will vary by market and the current network of a given group.

The average renewal increase was calculated using a weighted average of the renewal rate prior to any network changes and the renewal rate assuming the group chooses the new network.

4. *In Exhibit IV-A and IV-B, the “Plan Change” portion appears to drive a significant portion of the 17% trend. Please quantitatively and qualitatively explain each component of this “Plan Change,” including the source of each figure and why it is appropriate in the calculation of the trend assumption*

Section C, Plan Change, accounts for the buy down of benefits and the effects of antiselection. We back out plan changes and anti-selection to adjust pmpm paid claims to reflect what pmpm paid claims would have been if benefits and risk levels were similar to the prior year.



5. Please provide the number of policyholders that fall into the ranges of the rate increases listed below:

- a. < -5%
- b. -5% to 0%
- c. 0% to 5%
- d. 5% to 10%
- e. 10% to 15%
- f. 15% to 25%
- g. > 25%

*In addition, please provide further detail on the rate factor changes that are driving the variability in the requested increase, such as age/gender factors, area factor, deductible factors, etc.*

Please see the table below for the distribution of rate increases by policyholders.

Rate Increase Range	% of Policyholders
<-5%	3%
-5%-0%	18%
0%-5%	9%
5%-10%	19%
10%-25%	40%
>25%	11%

The average rate increase can be broken down into the following components:

<u>Rate Component</u>	<u>Value to Renewal Increase</u>
Continuation of Monthly Trend:	+17%
Change in New Business Factors:	+2%
Introduction of a new PPO Network:	-5%
Change due to revision of Risk Adjustment:	-4%
<b>Average Renewal Increase:</b>	<b>+10%</b>

6. *Explain why a credibility method used for the federal MLR rebate calculations (i.e.: 75,000 member life years as fully credible) is appropriate for rate increase purposes. Please explain why a typical rating credibility method was not used as in not appropriate for this filing.*

In filing with other states, we have received feedback stating that we needed to be consistent with Federal MLR credibility requirements. Thus our practices were changed to introduce the Federal MLR credibility standard as the method to determine our credibility.

7. *Provide the calculation that demonstrates that the medical loss ratio after appropriate adjustment will meet federal standards for the adjusted medical loss ratio.*

Please see the attached file 2012.09.01 AR JGM\_TGM Filing.Ex\_6\_MLR Calc.2012.04.04 which demonstrates how our 77% target loss ratio is equivalent to the Federal Loss Ratio standards.

8. *Modify your Actuarial Certification to include attestations for the following:*
- *The premium rates are not excessive, inadequate, or unfairly discriminatory.*
  - *The rate filing is in compliance with the applicable federal laws and/or state laws, regulations and bulletins.*

This has been added to the Actuarial Certification portion of the Actuarial Memorandum.

Page 6

Your prompt attention to this rate filing is appreciated. Please contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Brian Seremet".

Brian Seremet, FSA, MAAA  
Associate Actuary  
Brian.Seremet@assurant.com  
(414) 299-8272

**Exhibit 5**  
**John Alden Life/Time Insurance Company Small Group Experience**

<b>JGM.TRT.AR</b>				
Year	Earned Premium	Incurred Claims	Loss Ratio	Member Months
2007	\$4,778,242	\$3,144,279	66%	14,584
2008	\$3,835,728	\$3,388,170	88%	10,453
2009	\$3,253,858	\$2,632,096	81%	8,453
2010	\$2,996,077	\$1,996,092	67%	6,830
2011	\$1,361,770	\$685,378	50%	3,238

<b>John Alden Nationwide</b>				
Year	Earned Premium	Incurred Claims	Loss Ratio	Member Months
2007	\$635,159,191	\$430,631,268	68%	2,146,414
2008	\$535,489,064	\$371,692,918	69%	1,673,851
2009	\$453,246,250	\$330,731,044	73%	1,379,818
2010	\$415,475,782	\$296,777,444	71%	1,207,615
2011	\$195,047,600	\$133,864,566	69%	574,155

<b>TGM.TRT.AR</b>				
Year	Earned Premium	Incurred Claims	Loss Ratio	Member Months
2007	\$3,105,262	\$2,290,444	74%	9,748
2008	\$2,282,247	\$2,181,524	96%	6,384
2009	\$1,613,693	\$1,523,846	94%	3,497
2010	\$537,595	\$239,857	45%	1,103
2011	\$149,702	\$34,686	23%	328

<b>Time Nationwide</b>				
Year	Earned Premium	Incurred Claims	Loss Ratio	Member Months
2007	\$367,150,225	\$247,610,180	67%	1,258,424
2008	\$296,335,562	\$206,472,820	70%	933,325
2009	\$207,055,754	\$155,175,411	75%	618,725
2010	\$108,558,489	\$77,295,445	71%	309,243
2011	\$39,414,501	\$28,059,997	71%	117,463

<b>AR Total</b>				
Year	Earned Premium	Incurred Claims	Loss Ratio	Member Months
2007	\$7,883,504	\$5,434,723	69%	24,332
2008	\$6,117,975	\$5,569,693	91%	16,837
2009	\$4,867,552	\$4,155,942	85%	11,950
2010	\$3,533,672	\$2,235,949	63%	7,933
2011	\$1,511,473	\$720,064	48%	3,566

<b>Nationwide Total</b>				
Year	Earned Premium	Incurred Claims	Loss Ratio	Member Months
2007	\$1,002,309,416	\$678,241,448	68%	3,404,838
2008	\$831,824,626	\$578,165,738	70%	2,607,176
2009	\$660,302,004	\$485,906,455	74%	1,998,543
2010	\$524,034,271	\$374,072,889	71%	1,516,858
2011	\$234,462,101	\$161,924,563	69%	691,618

**Assurant Health  
Time Insurance Company/John Alden Insurance Company  
Arkansas**

**Calculation of Target Pricing Loss Ratio Under 80% MLR**

	%	
	Assumption	
A	0.50%	Projected Health Care Quality Expenses
B	0.97%	Federal Income Tax (2.5% Pre-Tax Profit X 38.65% FIT Rate; Profit Excludes Investment Income)
C	2.00%	State Premium Tax
D	0.20%	State Risk Pool Assessments subtracted from Premium
E	77.0%	Formula = $(80\% \times (100\% - B - C - D)) - A$
Final L/R	77.0%	Formula = Round(D)

\*\* The final step adjusts for the one sided nature of the MLR calculation. In some states, our individual medical loss ratio will come in below 80% and we will pay rebates. In other states, our individual medical loss ratio will come in above 80%. As a result, the overall nationwide individual medical loss ratio will be above 80%. Therefore, we are adjusting our target loss ratio down to account for this.



**ASSURANT**

501 West Michigan  
PO Box 3050  
Milwaukee, WI 53201-3050  
T 800.800.1212  
F 414.299.8904

June 5, 2012

[www.assurant.com](http://www.assurant.com)

Arkansas Department of Insurance

Re: Filings for TGM.TRT.AR  
Time Insurance Company, NAIC Co. No. 00069477  
SERFF Filing ID: ASWX-G128091368

Re: Filings for JGM.TRT.AR  
John Alden Life Insurance Company, NAIC Co. No. 00065080  
SERFF Filing ID: ASWX-G128091481

Dear Ms. Minor,

Per our phone call on May 17, 2012 we are revising the rate increase request for the above referenced filings. The maximum rate increase for an individual has been lowered to 17% from 37% and the average rate increase has been lowered to 7.5% from 9.6%. Revised rate exhibits with these changes are included with this response.

The 7.5% average renewal increase can be broken out in the following factors:

Annual Trend: 17%

ASA Network: -9%

Change in Health Status/Claims Experience Factor: 1.0%

At the time of this filing, we assume the number of policies renewing by rate increase to be as follows:

RI Range	% of Policies
<0	31%
0-5%	17%
5-10%	12%
10-17%	40%

Your prompt attention to this rate filing is appreciated. Please contact me if you have any questions.

Page 2

Sincerely,

A handwritten signature in black ink that reads "Brian Seremet". The signature is written in a cursive style with a large initial "B" and a distinct "S".

Brian Seremet, FSA, MAAA  
Associate Actuary  
Brian.Seremet@assurant.com  
(414) 299-8272



**ASSURANT**

501 West Michigan  
PO Box 3050  
Milwaukee, WI 53201-3050  
T 800.800.1212  
F 414.299.8904

June 22, 2012

[www.assurant.com](http://www.assurant.com)

Arkansas Department of Insurance

Re: Filings for TGM.TRT.AR  
Time Insurance Company, NAIC Co. No. 00069477  
SERFF Filing ID: ASWX-G128091368

Re: Filings for JGM.TRT.AR  
John Alden Life Insurance Company, NAIC Co. No. 00065080  
SERFF Filing ID: ASWX-G128091481

Dear Ms. Minor,

Per our phone call with the Deputy Commissioner, we are reducing our annual trend assumption from 17% to 8%. This results in an average renewal increase of 2.2% for policyholders in AR. The maximum renewal increase will be 23% which is achieved by receiving 8% annual trend and the maximum 15% factor for health status/duration allowed by the state of Arkansas. The minimum renewal increase is -14.5%.

The 2.2% average renewal increase can be broken out in the following factors:

Annual Trend: 8%

ASA Network: -9%

Change in Health Status/Claims Experience Factor: 4%

At the time of this filing, we assume the number of policies renewing by rate increase to be as follows:

RI	% Policies
<0	33.3%
0-5%	42.4%
5-10%	12.1%
10-15%	6.1%
15-20%	3.0%
20%+	3.0%



Page 2

Your prompt attention to this rate filing is appreciated. Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Brian Seremet". The signature is written in a cursive style with a large initial "B" and a long, sweeping "S".

Brian Seremet, FSA, MAAA  
Associate Actuary  
Brian.Seremet@assurant.com  
(414) 299-8272

<i>SERFF Tracking Number:</i>	<i>ASWX-G128091481</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>John Alden Life Insurance Company</i>	<i>State Tracking Number:</i>	
<i>Company Tracking Number:</i>	<i>ASWX-G128091481</i>		
<i>TOI:</i>	<i>H16G Group Health - Major Medical</i>	<i>Sub-TOI:</i>	<i>H16G.003G Small Group Only - Other</i>
<i>Product Name:</i>	<i>General JALIC SG Filing</i>		
<i>Project Name/Number:</i>	<i>General JALIC SG Filing/AR01482JA00031</i>		

## Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Creation Date:	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
06/06/2012	Rate and Rule	Rates.2012.06.06	06/22/2012	2012_09_01_AR JGM_TGM Filing_Rate_Manual_AR-GM1_2012_06_05.PDF (Superseded)
02/14/2012	Rate and Rule	Rates	06/06/2012	2012_09_01_AR JGM_TGM Filing_Rate_Manual_AR-GM1_2012_02_07.PDF (Superseded)
06/06/2012	Supporting Document	Health - Actuarial Justification	06/22/2012	2012_09_01_AR JGM_TGM Filing_AR_Memo_2012_06_05.PDF (Superseded)
06/06/2012	Supporting Document	Ex. 3 Factor Changes.2012.06.06	06/22/2012	2012_09_01_AR JGM_TGM Filing_Ex_3_Factor_Changes_2012_06_05.PDF (Superseded)
02/14/2012	Supporting Document	Ex. 3 Factor Changes	06/06/2012	2012_09_01_AR JGM_TGM Filing_Ex_3_Factor_Changes_2012_02_07.PDF (Superseded)
04/05/2012	Supporting Document	Health - Actuarial Justification	06/06/2012	2012_09_01_AR JGM_TGM Filing_AR_Memo_2012_04_04.PDF (Superseded)

<i>SERFF Tracking Number:</i>	<i>ASWX-G128091481</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>John Alden Life Insurance Company</i>	<i>State Tracking Number:</i>	
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<i>TOI:</i>	<i>H16G Group Health - Major Medical</i>	<i>Sub-TOI:</i>	<i>H16G.003G Small Group Only - Other</i>
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<i>Project Name/Number:</i>	<i>General JALIC SG Filing/AR01482JA00031</i>		

02/14/2012	Supporting Health - Actuarial Justification Document	04/05/2012	2012_09_01_AR JGM_TGM Filing_AR_Memo_2012_02_13.PDF (Superceded)
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**JOHN ALDEN LIFE INSURANCE COMPANY and TIME INSURANCE COMPANY**  
**FORMS JGM.TRT.AR and TGM.TRT.AR**  
**Exhibit III - Outline of Factor Changes**  
**Effective - 9/1/2012**

**V. Global Trend Factor**

Trend Factor =  $22.7672 * (1.0132^N)$

Where N is the number of Months from 9/12 to the Case Effective Month.

**$22.7672 = 19.4522 * (1.0132^{12})$**

19.4522 was the factor for 9/11

12 months of trend from 9/11 to 9/12

**III.A. Network Groupings**

Network	Market	Prior Network Grouping	New Network Grouping	Average Network Grouping Change	Previous Network Factor	New Network Factor	Average Final rate change
AMCO	Little Rock	BCKT5	BCKT3	1.0%	0.5425	0.8919	0.0%
PHCS	Little Rock	BCKT6	BCKT3	1.0%	0.5223	0.8587	0.0%
AMCO	North Rural AR	BCKT8	BCKT3	4.0%	0.7585	1.2841	0.0%
NovaSys	North Rural AR	BCKT6	BCKT3	1.0%	0.7425	1.2208	0.0%
PHCS	North Rural AR	BCKT6	BCKT3	1.0%	0.7369	1.2115	0.0%
AMCO	South Rural AR	BCKT6	BCKT3	1.0%	0.7103	1.1678	0.0%
NovaSys	South Rural AR	BCKT6	BCKT3	1.0%	0.6887	1.1324	0.0%
PHCS	South Rural AR	BCKT6	BCKT3	1.0%	0.7276	1.1963	0.0%
AMCO	Tulsa/Ft Smith	BCKT2	BCKT3	-1.0%	0.5800	0.9348	0.0%
PCC	Tulsa/Ft Smith	BCKT6	BCKT3	1.0%	0.6377	1.0484	0.0%
AMCO	Memphis	BCKT5	BCKT3	1.0%	0.6796	1.1174	0.0%
Baptist Health	Memphis	BCKT6	BCKT3	1.0%	0.7543	1.2401	0.0%
NovaSys	Memphis	BCKT6	BCKT3	1.0%	0.7276	1.1962	0.0%
THC	Memphis	BCKT6	BCKT3	1.0%	0.7358	1.2097	0.0%
American PPO	East TX	BCKT6	BCKT3	1.0%	0.8345	1.3720	0.0%
PHCS	East TX	BCKT2	BCKT3	-1.0%	0.5274	0.8500	0.0%

**VII.B Network Factor**

<u>NETWORK</u>	<u>MARKET</u>	<u>Previous Network Factor</u>	<u>New Network Factor</u>	<u>Change</u>
ASA	East TX		0.7373	NEW
ASA	Little Rock		0.7347	NEW
ASA	Memphis		0.7272	NEW
ASA	North Rural AR		0.8912	NEW
ASA	South Rural AR		0.9453	NEW
ASA	Tulsa/Ft Smith		0.8830	NEW

**New Plan Options Summary**

- Added \$500 DXL Benefit
- Added \$250 ER Copay Benefit
- Added 50% Coinsurance Drug Card
- Added \$6,000 HSA Deductible
- Added \$7,500 OOP Max
- Added \$1,000 OOP MAX for HSA

**JOHN ALDEN LIFE INSURANCE COMPANY and TIME INSURANCE COMPANY**  
**FORMS JGM.TRT.AR and TGM.TRT.AR**  
**Exhibit III - Outline of Factor Changes**  
**Effective - 9/1/2012**

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AMCO	North Rural AR	BCKT8	BCKT3	4.0%	0.7585	1.2841	0.0%
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**VII.B Network Factor**

NETWORK	MARKET	Previous Network Factor	New Network Factor	Change
ASA	East TX		0.7373	NEW
ASA	Little Rock		0.7347	NEW
ASA	Memphis		0.7272	NEW
ASA	North Rural AR		0.8912	NEW
ASA	South Rural AR		0.9453	NEW
ASA	Tulsa/Ft Smith		0.8830	NEW

**XIII. Plan Adjustment Factor**

Deductible	Ultimate & Essential			Entry		
	Previous Factor	New Factor	Change	Previous Factor	New Factor	Change
0	1.0000	1.0000	0%	1.2000	1.2000	0%
1000	1.0200	1.0200	0%	1.2240	1.2240	0%
1001	1.0000	1.0000	0%	1.2000	1.2000	0%
2000	1.0100	1.0302	2%	1.2120	1.2362	2%
2400	1.0000	1.0200	2%	1.2000	1.2240	2%
2500	1.0100	1.0302	2%	1.2120	1.2362	2%
3000	0.9700	1.0088	4%	1.1640	1.2106	4%
3500	0.9800	1.0192	4%	1.1760	1.2230	4%
4800	0.9600	0.9984	4%	1.1520	1.1981	4%
5000	0.9500	1.0070	6%	1.1400	1.2084	6%
6000	0.9500	1.0107	6%	1.1400	1.2084	6%
7500	0.9588	1.0163	6%	1.1506	1.2196	6%
10000	0.9675	1.0449	8%	1.1610	1.2539	8%

**New Plan Options Summary**

- Added \$500 DXL Benefit
- Added \$250 ER Copay Benefit
- Added 50% Coinsurance Drug Card
- Added \$6,000 HSA Deductible
- Added \$7,500 OOP Max
- Added \$1,000 OOP MAX for HSA